S. Hrg. 101-1240

NOMINATION OF JOHN C. FOLTZ

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

THE NOMINATION OF JOHN C. FOLTZ, OF OHIO, TO BE ADMINISTRATOR OF THE FEDERAL GRAIN INSPECTION SERVICE

APRIL 3, 1990

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NOMINATION OF JOHN C. FOLTZ, OF OHIO, TO BE ADMINISTRATOR OF THE FEDERAL GRAIN INSPECTION SERVICE

TUESDAY, APRIL 3, 1990

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The committee met, pursuant to notice, at 12:15 p.m., in room SR-332, Russell Senate Office Building, Hon. Patrick J. Leahy (chairman of the committee), Hon. Thomas A. Daschle, presiding.

Present or submitting a statement: Senator Daschle.

STATEMENT OF HON. THOMAS A. DASCHLE, A U.S. SENATOR FROM SOUTH DAKOTA

Senator DASCHLE. The hearing will come to order. I apologize for holding everybody up. I know your schedules are busy. We had a vote on the floor, and then I was called into the majority leader's office for some last minute consultation prior to our caucus at 12:30, and then we had another vote. So that is the best I can do for an explanation, but again let me reiterate to my two colleagues from the House, knowing what their schedules are like, that it is an honor to have them. We are delighted they are here, and I would invite them to proceed as they see fit.

Without objection, we will insert Senator Bond's prepared statement at this point in the record.

PREPARED STATEMENT OF HON. CHRISTOPHER S. "KIT" BOND, A U.S. SENATOR FROM MISSOURI

Over the past several months, the quality of U.S. grain has received much attention in this committee. What began as a review of current guidelines has become a legislative initiative designed to enhance quality and improve competitiveness. The past few years have seen a renewed emphasis on quality, yet more can be done.

The Federal Grain Inspection Service (FGIS), both an enforcement and regulatory agency, is at the front line of the quality battle. FGIS must respond to the complaints of not only our foreign customers, but important domestic users as well. Under Kirk Miller, FGIS worked hard to implement the Grain Quality Improvement Act of 1986.

I remain hopeful that Secretary Yeutter will continue to strive for higher quality grain. With his leadership, and that of Assistant Secretary Smith, the Administrator of FGIS has the crucial job of balancing the goal of top quality grain with the economic realities of production agriculture, grain storage and processing. Furthermore, FGIS alone cannot guarantee high quality grain. It is important that ASCS recognize their role in quality and move in a direction which allows market forces to lead the way.

Mr. Chairman, I have had an opportunity to meet with Mr. Foltz and discuss his thoughts on grain quality. As is often the case, I commend Mr. Foltz for wanting the position of Administrator. Given the grain industry's "the sky is falling attitude"

about grain quality legislation, it is a pleasure to learn that Mr. Foltz goes into this job with an open mind.

As Administrator, Mr. Foltz will, I hope, take a proactive approach with regard to grain quality. The best way to prevent legislation is by addressing issues head on. I also trust that Mr. Foltz will not simply wait for recommendations from the Grain Quality Workshop. FGIS should also become more involved in enforcement. If FDA or EPA doesn't want to enforce laws and regulations relating to the quality, purity and safety of grain, FGIS should fill the void.

Mr. Chairman, it will be my pleasure to support Mr. Foltz' nomination and look forward to working with him. I can assure you that my interest in grain quality will continue and that we will monitor FGIS closely as quality and competitiveness become even more important than they are today.

STATEMENT OF HON. CHALMERS P. WYLIE, A REPRESENTATIVE IN CONGRESS FROM THE 15TH CONGRESSIONAL DISTRICT, STATE OF OHIO

Mr. WYLIE. Thank you very much, Senator Daschle, and your explanation is quite understandable to this Member. It was a pleasure to serve with the chairman as a member of the Veterans' Affairs Committee in the House, and I know that you will approach your responsibilities here with the same due diligence as you did when you served on the Veterans' Affairs Committee.

It is an honor for me to appear before you in support of John Foltz, who has been nominated for the position of Administrator of the Federal Grain Inspection Service. John is a constituent of mine, a real live voting constituent, and I would say also that we go back almost 20 years when he worked at the U.S. Department of Agriculture under the administrations of Presidents Nixon and Ford.

He has had a considerable amount of experience. As a matter of fact, he probably has as much experience in this field as anyone in the country. I do not think there would be anyone who could say that they had worked more at the grassroots level in Ohio, with both producer groups and with the country elevators, to enhance the quality of grain available in our country. He has conducted so-called grain grading schools. He has focused on the issue since he was the Assistant Administrator of Foreign Agricultural Services during the Ford administration. He just has a tremendous background and experience. His entire agricultural background has been in this field, and I know that his training and background suit him very well to administer the Federal Grain Inspection Service program. Thank you.

Senator DASCHLE. Very good, Chalmers. Clarence, did you want to say something as well?

STATEMENT OF HON. CLARENCE E. MILLER, A REPRESENTATIVE IN CONGRESS FROM THE 10TH CONGRESSIONAL DISTRICT, STATE OF OHIO

Mr. MILLER. Mr. Chairman, I would like to.

As one who has known John Foltz for the last 24 years as both a friend and associate, I come here today to share with you the high regard I hold for this nominee.

I can think of few candidates that I have beer acquainted with that have been more qualified for the position that they have been nominated for than John. John Foltz has spent his entire working

life, outside of his 2 years of service with the U.S. Navy, in the field of agriculture.

He has worked in the private sector with the Future Farmers of America and most recently with the Ohio Grain and Feed Association, and he has worked in the public sector at both the State and Federal levels of government. In so doing, he has held a variety of key positions, positions that have acquainted him well with just about every facet of operations within the agricultural field.

To complement his extensive hands-on experience, he has served on a number of State and national agriculture panels and has written numerous articles and papers on a wide range of farm related subjects. With both undergraduate and graduate degrees in agriculture from Ohio State University, he has stayed close to academia through his membership on a number of prominent educational panels.

John Foltz, in my judgment, is the ideal nominee. I could extol his virtues for another half hour if I was to share with you each of the recognitions and awards John has received over the years, but I trust you have the list of these accomplishments before you. Suffice it to say, I feel John would make a great Administrator for the Federal Grain Inspection Service, and I hope you will act quickly to confirm him.

Thank you.

Senator DASCHLE. Thank you very much.

Mr. WYLIE. Senator, I would just add one caveat, if I may. The Democrats and Republicans in our delegation have endorsed John for this position so it is a bipartisan effort on our part, all 21 Members.

Senator DASCHLE. Very good. All 21.

Mr. WYLIE. Indicated support.

Senator DASCHLE. I see Congressman Dannemeyer. Did you want to say something, Congressman Dannemeyer, on behalf of the nominee?

Mr. DANNEMEYER. No, I have just come to listen.

Senator DASCHLE. OK. We also have a statement of introduction from Senator Glenn, who was unable to make it to the hearing. This will be included in the record.

[The prepared statement of Senator Glenn follows:]

PREPARED STATEMENT OF HON. JOHN GLENN, A U.S. SENATOR FROM OHIO

Mr. CHAIRMAN: I am indeed pleased to present to you today Mr. John C. Foltz, the President's nominee for Administrator of the Federal Grain Inspection Service. John is a fellow Ohioan, who currently serves as the Executive Director of Ohio's Feed and Grain Service. I am thoroughly familiar with the nominee's background and experience. I firmly believe that he will bring to this position the understanding and skills needed to ensure that the grain products stored in our elevators and shipped to our foreign customers are the most wholesome in the world.

Mr. Foltz has worked with me and my staff since I came to the Senate, and I have come to rely on the quality information he has furnished me and to trust his judgment. As you can gather from the nominee's background, his extensive education and years in the industry have endowed him with these outstanding qualities. For example, his experience includes working with both producer groups and country elevators, to enhance grain quality. He has conducted "grain grading schools," written articles on grain quality for farm publications, and has been in the forefront of Federal Grain Inspection Service efforts to obtain compliance with U.S. Grain Standards.

John first focused on the grain quality issue when he was Assistant Administrator of the Foreign Agricultural Service and chaired the Department of Agriculture interagency group. He has served in the USDA in several capacities, as well as serving in the Ohio Department of Agriculture, as Chief of the Division of Markets. His international experience such as serving as a member of the U.S. Feed and Grains Council trade mission to Poland and the Soviet Union, and regulatory experience have prepared him well for this key post.

I believe that John Foltz will be an excellent Administrator of the Federal Grain Inspection Service, and I urge my colleagues on the committee to approve his nomination.

Senator DASCHLE. Mr. Foltz, we are required to swear you in. If you will raise your right hand. Do you solemnly swear that the testimony that you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FOLTZ. Yes, sir.

Senator DASCHLE. And the other two required questions are the following. If you are confirmed by the Senate, will you faithfully execute the laws passed by Congress regardless of any prior statements you have or biases you may have held?

Mr. FOLTZ. Yes, sir.

Senator DASCHLE. If your nomination is approved by the committee and the Senate, do you promise to respond to requests to appear and testify before this committee or other duly constituted committees of the Senate?

Mr. FOLTZ. Yes, sir.

Senator DASCHLE. We will begin by taking any initial comments that you might have, and then I have a few questions I would like to ask. I welcome you to the committee. I know I speak for Republicans and Democrats on the subcommittee as well as the full committee in expressing our welcome and our sincere desire to work with you through this nomination process. I have heard a good deal about you. You have some ardent admirers and supporters on both sides of the fence, and I look forward to the opportunity to conduct the hearing and hold this meeting. So let us begin by taking whatever initial comments you may have, and then we will ask some questions.

TESTIMONY OF JOHN C. FOLTZ, NOMINEE TO BE ADMINISTRATOR OF THE FEDERAL GRAIN INSPECTION SERVICE

Mr. FOLTZ. Thank you, Mr. Chairman. It is a pleasure to be here. I certainly appreciate the support from my two fellow Ohioans and Buckeyes. The Department sent up a brief statement I put together. I would say with the lateness of the hour and the kind comments from my two Congressmen, we probably ought move along, Mr. Chairman, and respond to your questions.

Senator DASCHLE. Well, without objection, your statement and whatever remarks you would like to have inserted in the record will be inserted in full and made part of the record.

Mr. FOLTZ. I appreciate that, sir.

[The prepared statement and attachments of Mr. Foltz follow:]

PREPARED STATEMENT OF JOHN C. FOLTZ, NOMINEE TO BE ADMINISTRATOR OF THE FEDERAL GRAIN INSPECTION SERVICE

Good morning. My name is John C. Foltz and I am honored to appear before this committee today as the President's nominee to be Administrator of the Federal Grain Inspection Service (FGIS).

My whole life, except for service in the Navy, has been in agriculture. The positions I have held in both public and private sectors provide the experience and knowledge which will allow me to meet the challenges faced by the Administrator of FGIS.

My goal as Administrator will be to carry out the mission of the agency. Congress created FGIS in 1976 to manage the national inspection system and to establish a national weighing program. The responsibilities have grown since then, as grain quality has received more attention.

Grain Standards

Grain standards are critical. They provide a common language for buyers and sellers to distinguish and communicate grain quality. I will ensure that FGIS continues working with all segments of the grain industry so that these standards provide meaningful guidelines that effectively describe grain quality in terms of wholesomeness and end-use value.

Research and Testing

To ensure the efficacy of grain standards and to fulfill the mission of the agency, I will work to improve inspection services and ensure that new testing services are safe, simple, inexpensive, timely, reproducible, and accurate. FGIS tests encompass the gamut of grain characteristics and conditions including physical, sanitary, and intrinsic properties. Our research and testing efforts must concentrate on the development of end-use tests which measure the intrinsic qualities of grain. My vision of the future includes the development of testing methods which are objective, rather than subjective; which may be implemented from the country grain elevator to the controlled laboratory environment; and which address all determinants of grain quality.

Food Safety

FGIS testing and research efforts are directed at enhancing food safety. To this end, FGIS needs new, rapid testing capabilities that permit effective and efficient testing of grain for pesticides and mycotoxins throughout the grain marketing system. When implemented, Secretary Yeutter's 1990 farm bill recommendation to require that all export corn shipments be tested for aflatoxin will further enhance FGIS' contributions to ensuring food safety.

Conclusion

I am committed to enhancing grain quality and food safety by fulfilling the important mission of the Federal Grain Inspection Service. I believe that FGIS must be progressive in its efforts to improve the inspection system.

Our success in the future will depend on improving and adapting grain standards, furthering research and testing efforts, and fostering productive partnerships among all public and private sector participants in the grain production and marketing systems.

I will continue the strong FGIS tradition of working closely with both the international and domestic grain industries: researchers, plant breeders, producers, processors, grain handlers, buyers, sellers, and end users alike. Our partnerships with other Federal agencies such as the Food and Drug Administration and the Environmental Protection Agency, other USDA agencies, and the Congress will continue to be strengthened.

Thank you for the opportunity to meet with you today.

[The Biographical Information, Financial Data and Conflict of Interest, and Financial Disclosure Report follow:]

BIOGRAPHICAL INFORMATION

1. Full name

John Charles Foltz

2. Address

		Phone
Residence	303 Weydon Road Worthington, Ohio 43085	614-885-3033
Office	6877 North High Street P. O. Box 151 Worthington, Ohio 43085	614-885-4429

3. Date & place of birth

February 23, 1933
West Lafayette, Ohio

4. Marital status

Married to Anne (Clark) Foltz — BS 1955
Academic Advisor and Coordinator of Evening Program — MS 1979
University College
Ohio State University
152 Mount Hall
1050 Carmack Road
Columbus, Ohio 43210

Children

John Clark Foltz — BS 1979
(PhD student at Purdue) — MS 1981

Mary Beth Foltz — BS 1981
(PhD student at Ohio State) — MS 1983

5. Education

College of Agriculture — 1951-55
Ohio State University — BS 1955

Graduate School (intermittently) — 1966-71
Ohio State University — MS 1971

Executive Development Division — 1966-68
American University
(took night courses transferred to OSU Grad School)

Ohio Public Executives Program (one-week in 1978)
School of Public Administration
Ohio State University

Institute for Organization Management — 1979-82
University of Notre Dame
(six one-week courses over four summers)
Graduated from the Institute program in 1982

6. Employment record

1982-present Ohio Grain & Feed Association
Worthington, Ohio
Executive Director
Represent country elevators, cooperatives, farm supply dealers with state government agencies, work with other farm groups in promoting Ohio agricultural interests

1979-81 Ohio Grain, Feed & Fertilizer Association
Worthington, Ohio
Director, Association Services
Handled educational programs and member services for agri-trade assn, conducted Grain Grading Schools, seminars/workshops

1977-78 Ohio Department of Agriculture
Columbus, Ohio
Chief, Division of Markets
Coordinated grading and inspection programs in cooperation with AMS/USDA, provided mkt information and promotion of Ohio products, export activity through MIATCO and Mid-West State Departments of Agriculture

1976-77 U. S. Department of Agriculture
Washington, D. C.
Assistant Administrator, Market Development
Foreign Agricultural Service
Promoted export of U. S. commodities by working with agricultural cooperators and Agricultural Attaches; Chair, Interagency Export Quality & Weight Review Group

1973-75 U. S. Department of Agriculture
Washington, D. C.
Deputy Under Secretary, Legislative Affairs
Provided channel of communication between Dept. & Congress; worked with Agency heads in responding to Congressional requests

1972 Committee for Re-election of the President
Washington, D. C.
Deputy Director for Agriculture
Maintained liaison with key officials and assisted campaign effort in rural America; worked as field rep. on behalf of President

1971 Executive Office of the President
Washington, D. C.
Director, Congressional Relations
On the staff of the Cost of Living Council during the 90-day "freeze" representing COLC & the President's "Economic Program"

1969-71 U. S. Department of Agriculture
Washington, D. C.
Legislative Officer
Worked in the Office of the Secretary in Congressional Relations, providing service to Members & staff, House Agriculture Cmte

1965-69 Future Farmers of America
Washington, D. C.
Manager of Public Relations
Wrote news releases, fund-raising for Foundation, national officer "good-will" tour, managed Agricultural Career Show

1958-65 Future Farmers of America
Alexandria, Virginia
Advertising Manager
Sold advertising space in The National Future Farmer magazine, handled sales promotion, wrote some special features

1957-58 Washington Local Schools
Dublin, Ohio
Agriculture Instructor
Taught vo-ag classes in high school, chapter advisor to Future Farmers of America, conducted adult farmer program

7. Military Service
United States Navy 1955-57
Gunnery Officer, USS Tolovana (AO-64)
Operating in the Western Pacific with the 7th Fleet
Instructor (Naval Weapons)
Officer Candidate School, Naval Schools Command
LTjg (546262) Honorably discharged from Active Duty

8. Government service (in addition to military, above)

1977-78 Ohio Dept. of Agriculture Chief
Division of Markets Appointed

1976-77 U. S. Dept. of Agriculture GS-16
Assistant Administrator Appointed
Foreign Agricultural Service

1973-75 U. S. Dept. of Agriculture GS-18
Deputy Under Secretary Appointed
Office of Legislative Affairs

1971 Cost of Living Council GS-15
Director, Cong'l Relations Appointed
Executive Office of the President

1969-72 U. S. Dept. of Agriculture GS-14
Legislative Officer Appointed
Office of the Secretary

9. Honors and awards

Attended Ohio State University on a four-year academic scholarship	1951-55
Alpha Zeta -- Honorary (scholastic) Professional, agricultural fraternity	1953
Towers -- Undergraduate Agricultural leadership honorary	1954
Gamma Sigma Delta Honor society of agriculture	1955
Certificate of Merit ASCS/USDA	1970
Certificate of Merit Office of the Secretary	1971
Certificate of Service from the President For Inflation Control efforts during "the freeze"	1971
Distinguished Service Award For service on the High Council of the Fraternity of Alpha Zeta	1978
"A. B. Graham" Club Award Ohio 4-H Foundation	1979
"Capper Volstead" Award Ohio Council of Farmer Cooperatives	1983
Certified Association Executive American Society of Association Executives	1984
Order of the Ohio Commodore By Executive Order of the Governor	1984
"Friend of Extension" Award Epsilon Sigma Phi Extension Honorary	1985
"Distinguished Service" Award For service on the Board of American Feed Industry Association	1989

10. Other memberships

Alpha Zeta Alumni Association
Ohio State University Alumni Association
OSU Presidents Club
Ohio Agricultural Council
Agricultural Marketing Forum
American Society of Association Executives
Agricultural Relations Council
Ohio Farm Bureau Federation
Worthington Republican Club
Capitol Hill Club

11. Published writings

"The Future Farmer of Today is the Successful Farmer of Tomorrow." Principal editor of market study report, published by "The National Future Farmer" magazine for the Future Farmers of America

A series of annual articles, written for the "Buckeye Farm News" magazine (largest farm circulation publication in Ohio).

"Quality Grain -- at what price?"

"Grain Quality...is anybody doing anything about it?"

"Grain Quality. . .re-visited."

"Let's Look at the Grade Card on Grain Grades."

Un-published speeches

"Are the Agricultural Organizations in Place to Facilitate Adjustment?" (Program theme: "Will U. S. Agriculture Adjust to a Changing World?") presented at the Farm Foundation's Agricultural Round Table, June 12, 1987

"Some Observations on the GATT Negotiations" A presentation to a graduate seminar at Purdue University, April 14, 1989

(Copies of above items attached)

12. Health
Excellent

FINANCIAL DATA AND CONFLICT OF INTEREST

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?
   I will resign my position with my present employer upon confirmation to be Administrator of FGIS. I have no connections with business firms. My organization memberships are aforementioned; counsel advises there is no conflict with those educational and social groups.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.
   No income from any such sources. Will receive a lump-sum settlement from accumulated retirement benefits, which I plan to roll-over into my personal IRA.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch?
   No.

4. Have you, or any partnership of closely held corporation in which you have an interest, ever participated in Federal commodity price support programs?
   No.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or co-signed a note to the Farmers Home Administration?
   No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program?
   No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government?
   No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service?
   No.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service?
   No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.
   None.

11. Have you ever received a government guaranted student loan?
   No.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.
   I know of no potential conflict of interest what-so-ever, that now exists or could come to pass, in this position.

United States
Office of Government Ethics
Suite 500, 1201 New York Avenue, N.W.
Washington, D.C. 20005-3919

March 22, 1990

The Honorable Patrick J. Leahy
Chairman
Committee on Agriculture, Nutrition and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by John C. Foltz, who has been nominated by President Bush for the position of Administrator for the Federal Grain Inspection Service of the Department of Agriculture.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Upon his confirmation to this position, Mr. Foltz has agreed to recuse himself from participating in any matters involving Bob Evans Farms. In addition, Mr. Foltz has agreed that upon his confirmation he will resign from his position as Executive Vice President of the Ohio Grain & Feed Association. He will also resign from his position on the Board of Trustees of the National Alpha Zeta Foundation when his term on that board expires later this year.

Subject to the fulfillment of this commitment, we believe that Mr. Foltz will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Donald E. Campbell

Donald E. Campbell
Acting Director

Enclosure

Financial Disclosure Report

Page 1

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate ☐ Termination Filer		MAR 22 1990	3/5/90	

	Last Name	First Name and Middle Initial
Reporting Individual's Name	FOLTZ	John C.
Position for Which Filing	**Title of Position**	**Department or Agency (If Applicable)**
	Administrator	Federal Grain Inspection Service U. S. Department of Agriculture
Location of Present Office	**Address (Number, Street, City, State and ZIP Code)**	**Telephone No. (Include Area Code)**
	6877 North High Street Worthington, Ohio 43085	614-885-4429
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	**Title of Position(s) and Date(s) Held**	
	None	

	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
Presidential Nominees Subject to Senate Confirmation	Senate Committee on Agriculture, Nutrition & Forestry	☐ Yes ☒ No

	Signature of Reporting Individual	Date (Month, Day, Year)
Certification I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	John C. Foltz	January 2, 1990
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	William J. Riley	March 21, 1990
Office of Government Ethics Use Only Deb Jarr MLC 3/22/90	Signature	Date (Month, Day, Year)
	Donald E. Campbell	3-22-90

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side) ☐

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A (except for BLOCK D), C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I (Liabilities)**—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II (Agreements and Arrangements)**—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

PREVIOUS EDITION USABLE

14

FPM Chapter 736
U.S. Office of Personnel Management

Form Approved: OMB No. 3209-0006

Reporting Individual's Name	Assets and Income	Page Number	Schedule
John C. Foltz		2	A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

	BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets								BLOCK C Income																		BLOCK D Transactions
	Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)								Type of Income (X)						Other (Specify Type)	Category of Amount of Income (X)									Actual Amount Only If "Other" Specified	Date (Mo., Day, Yr.) Only If Honoraria	If yes, complete Schd. B Part I for these assets including those sold for a loss.
		None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000			Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust		None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES / NO
S or DC	Example: X Y Z Common / Doe Jones & Smith, Hometown, USA		X		X					X						ptnrshp income			X						— $50,000		X
1	Ohio Grain & Feed Assn Worthington															Salary									$66,000		
2 S	Ohio State University Columbus	Academic Adviser														Salary											
3	Bob Evans Farms, Columbus Common stock				X					X									X								
4	Ohio Trust, Columbus Municipal bonds			X								X						X									
5	The Ohio Company, Columbus Federal Government Securities			X								X								X							
6	BancOhio, Columbus Checking account			X								X						X									
7 S	BancOhio, Columbus Savings account			X								X						X									
8 S	Bank One, Columbus Checking account	X								no interest																	
9	Marblehead Bank Checking account	X								no interest																	
10 S	BancOhio, Columbus IRA				X							X							X								

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278-210

FPM Chapter 294
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0042

Reporting Individual's Name	Assets and Income	Page Number	3	Schedule A
John C. Foltz				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets							BLOCK C Income																		BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)							Type of Income (X)							Category of Amount of Income (X)									Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Schd. B Part I for those assets including those sold for a loss.	
	None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES	NO
S or DC Examples: X Y Z Common				X			X									X						—		X	
Doe Jones & Smith, Hometown, USA		X																							
1 AEtna Life Insurance & Annuity Company Hartford - Pension program					X				X				ptnrshp income					X				$50,000			
2 The Ohio Company - IRA Bob Evans Farms, common			X				X								X										
3 Templeton Growth Fund Mutual fund		X					X								X										
4 My wife & I own a condominium 5755 N. High St, Worthington				X				X									X								
5 We also own together a "summer place" 828 E. 3rd St, Lakeside				X				X								X									
6 We sold a summer cottage at 623 Maple Av, Lakeside																									
7 (we bought the property	X									X									X						
8 on 3rd St. when we sold																									
9 the one on Maple)																									
10																									

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Reporting Individual's Name
John C. Foltz

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE [X]

S or DC	Exam-ple	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
		X Y Z Common	X			2/1/83		X			
1		Nominee -- not applicable									
2											
3											
4											
5											
6											

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE [X]

S	Exam-ples	Source (Name and Address)	Brief Description	Value
	Exam-ples:	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$800
		Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$126
1		Nominee -- not applicable		
2				
3				
4				
5				
6				

SF 278 (Rev. 1/87)
FPM Chapter 734
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0006

Reporting Individual's Name
John C. Foltz

Page Number	5	Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE [X]

		Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Examples	First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beech, Delaware	1981	13%	25 yrs.			X		
		John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
1		No mortgage on the two rental properties listed on Schedule A.									
2											
3											
4											
5											
6											

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE [X]

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/75 ptnership agmnt.
	I will resign from my position as Executive Vice President of the		
	Ohio Grain & Feed Association upon confirmation. My term on the		
	Board of Trustees of the National Alpha Zeta Foundation expires		
	later this year. I will go off of the Board at that time.		

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SF 278 (Rev. 1/87)
Title V Chapter 734
U.S. Office of Personnel Management

Reporting Individual's Name
John C. Foltz

Page Number 6

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples: Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/82	6/83
Examples: Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/75	11/83
Ohio Grain & Feed Association	Non-profit Association	Executive Vice President (paid)	2/81	Present
National Alpha Zeta Foundation	Non-profit charitable	Chairman of the Board (un-paid)	3/87	Present
Ohio Agricultural Council	Non-profit education	President (un-paid)	10/87	10/89

Part II
Compensation In Excess Of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

Source (Name and Address)	Brief Description of Duties
Examples: Doe Jones & Smith, Hometown, USA	Legal services
Examples: Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction
Ohio Grain & Feed Association	Executive Director (chief of staff) for agri-trade association

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Senator DASCHLE. I have a great deal of interest in the grain quality issue, as you may know. I believe that as we look to the next couple of years, quality is going to determine competitiveness as much as price. I think it is critical that we do something about it, that we readjust, perhaps, our system to allow us to be more competitive in the quality markets, and I would be interested in your comments, your philosophical approach to developing better quality.

Mr. FOLTZ. Certainly grain quality is one of the more important components of the many commodities that we sell and export overseas. Of course, our export markets are important to us in the contribution to the balance of payments they make. In fact, I was just looking at some figures in the Department this week showing that approximately 75 percent of U.S. ag exports are the commodities that we are talking about here and come under the jurisdiction of the Federal Grain Inspection Service. So the extent to which they contribute to our U.S. total export picture, it is very important. Quality not only has become, but has been for some time, one of the important considerations.

The role of this agency is to continue to enhance and improve on the quality, but more importantly, use new technology in doing so. We live in a high-tech age. Agriculture is productive today because of all the new inputs that have been developed with biotechnology and the new science brought to us by the research and the extension programs of our land-grant colleges through the years. We need to make sure we are putting new technology into this process, both in developing seed varieties, in the technology of handling, and in the grade determinations that this agency is charged with, to make sure we are doing the best job we can to further improve this product, the many products that we are exporting overseas.

Senator DASCHLE. Do you think we are doing the best job we can now?

Mr. FOLTZ. I think we have, to my knowledge, a dedicated staff of professionals in this agency. I think they take their work seriously. In fact, that is one of the reasons I look forward in returning to the Department. I think this Department is a professional department. I think the people in it, by and large, are not only well-trained, but committed to their work. They are there because they like what they do. They are providing a great service, not only to agriculture in particular, but to our country.

Senator DASCHLE. I guess I should have been more precise in my question. I could not agree with you more. I think we have some great people over in FGIS. We have talked to many of them. The real question is whether or not they are given the tools to do the job that we need to do if we are going to compete in the quality market. So, I would rephrase my question in that regard. Do you believe that they have all the necessary tools to bring about higher standards in grain quality in the international market?

Mr. FOLTZ. That is one of the great areas of discussion, Senator. I think they do a good job in grading the grain that they are asked to grade, against existing standards, as it goes into export. As I mentioned earlier, we need to make that process more objective, a little less subjective. Frankly, it is not easy to take a sample of grain and lay it there in front of you and weigh all the factors pro

and con, plus and minus, that appear there and give it a grade. And so, to the extent that that can be a more objective process in the future, less subjective, through using new technology and equipment, new science, that will help us to do that job better.

Senator DASCHLE. We have had a number of witnesses who have come before the Subcommittee on Agricultural Research and General Legislation over the last 6 months, most of whom have—let me rephrase that. The witnesses I am referring to are those who are buyers of U.S. products abroad. Most of them have said that U.S. grain is dirtier than any other grain coming on to the international market today. How seriously do you take a criticism of that kind?

Mr. FOLTZ. I think that we should take any comments that our buyers, our customers, have very seriously. In the retail business, they say "the customer is always right." If you are going to be in the business of selling a product, a commodity, whatever it might be, then you ought to listen to, and be concerned about what your buyers want and see that they get full value for what they are purchasing. We are told that grain, as it is loaded on ships in this country, does meet the specifications, the grades that have been ordered.

Unfortunately, in further handling along the way, certainly in the case of corn, we get more break up of that commodity. It does not improve in quality as it goes through the system, only decreases in quality with further handling. So I understand the physical aspects. Each grade of grain, of course, is allowed a certain amount of foreign material, broken kernels, other factors that make up the total shipment involved. High technology, in some cases, has allowed our exporters to fine-tune that right up to that limit. And so, I think at the time there is no doubt that it does meet specifications. But it does not take much more handling for BCFM to exceed the limit. So maybe that margin for error, if you will, has to be a little greater, if we are going to respond to these kind of concerns.

I do not know that it means changing standards, per se, because we have grade 1, grade 2, grade 3; they buy grade 3 and grade 3 is what is delivered onboard ship, then they did get what they purchased.

Senator DASCHLE. But our tolerances, of course, are a lot more lenient than the international tolerances. Would you subscribe to a goal of trying to reach the international tolerances on grain at some point in the near future?

Mr. FOLTZ. I am glad you mentioned that because I have a great interest in that area, Senator. We are right now going through the GATT negotiations. We are trying to level the playing field and get us all playing by the same ground rules for trade in general, agriculture in particular. We hope that that comes to a successful conclusion later this year. We hear about tariffs and other factors in terms of trade, but the harmonization of standards is also one component of that round of discussions. Grain grades, as such, are not being negotiated, but my hope would be that we could get to where, in terms of the major producers in the world, we could have comparable standards. Now whether that is doable, how soon that is possible, that remains to be seen.

Senator DASCHLE. But you would support—let me clarify this because this is a very important point.

Mr. FOLTZ. Excuse me.

Senator DASCHLE. You would support trying to maintain standards comparable to what our competitors are using today in the international market?

Mr. FOLTZ. Well, my personal view would be that it would be good to have comparable standards across the board for all these commodities. It is a little hard right now to say that we will meet the competition and have comparable standards when the grading factors are not exactly the same. In some cases, I understand, among some of our foreign competitors, they may change from season to season. Ours have been more constant, which I think is to our credit, because it is a little hard to hit that moving target out there. So they may make arbitrary changes to their advantage from season to season because of changing crop conditions. That may be good competition on their part, but a little tough for us to meet. I feel the U.S. grain standards, because we are the largest exporters in the world, have pretty well set the standard for the world, in terms of the grain trade.

Senator DASCHLE. Set the standard, not certainly in terms of quality?

Mr. FOLTZ. I mean the standards, in terms of standards of how grain is measured. Now your point about quality and cleanliness and foreign material that may be in the grain is often cited. It is interesting to note, however, that as I look at the records, and I am not onboard officially, but as I did my homework in preparation, looking at the information the agency has, the number of foreign complaints has declined in recent years, as exports have increased. Even though there were complaints filed, of those that they followed up, through the good offices of the Foreign Agricultural Service, attachés working overseas follow up on specific complaints, very few of them are found to be verifiable complaints.

Senator DASCHLE. But you know what the complaints are, and I am sure you are well aware of this. The complaints cannot be filed on the quality of the product. They are filed on the procedure used in determining the quality. That is the only way that they can file. So, it is always a misinterpreted statistic that is often cited as something that is positive for our grain industry. I think it is important that we, for this hearing record and every time it comes up, that we know that it is always a complaint on procedure. Under the rules, that is the only thing they are allowed to complain about. They cannot officially complain about the quality of the product itself.

Mr. FOLTZ. You make a good point. I am aware of the great personal interest that you have on this subject. Hopefully, the Department and the Congress working together can continue to upgrade our process and that will result in delivering a better product in the future. Frankly, I am not sure that the grading standards themselves are at fault, in that a certain commodity is what it is when it is graded. I do not know that changing the rules of how you grade is going to change the commodity itself. I think the more important thing is to look at how we improve the quality of our grain in terms of its production, seed varieties, in terms of its han-

dling, and drying. Much of the damage comes from overdrying, certainly in the case of corn. Every time that corn is handled, another half percent of breakage results in broken kernels and foreign material.

So we have some innate physical things to deal with that go right back to combine settings on the farm, combine design, working with farmers, in terms of the harvest process. That harvest damage once incurred, we can never dispel it. It contributes to the breakage susceptibility on down the line.

Senator DASCHLE. Do you believe that FGIS should be involved in the inspection requirements of the Commodity Credit Corporation?

Mr. FOLTZ. That does involve two different agencies of the Department, and normally we do not get outside the purview of our agency, so I would say, yes, we would certainly be involved in any cooperative effort that ASCS and other agencies were involved with. I do know that in this year's crop programs for the 1989 crop, they did try a pilot project for the first time, trying to set premiums as well as discounts into that program. They do not have the results yet. I talked to the folks at ASCS yesterday. They are not quite sure what that is going to show, because they are not through this season. It is an example of a move in that direction.

And to the extent that we can somehow come up with premiums as an incentive to do a better job, whether it is in the grain we produce or how it is handled, all agencies of the Department ought to be involved, not just ASCS. I mentioned earlier the research efforts, ARS, CSRS, and their work with the experiment stations in the country; we need a total effort. Again, the grain involved here represents 75 percent of our exports, and ag exports are our biggest contributor to our positive balance of payments, then we all have a stake in it. We all ought to be working together to try to do what we can to contribute to delivering a better product and getting a better reputation for U.S. grain. I sometimes feel that this bad name that we seemingly have is not fully deserved. Nonetheless, if that is the way it is perceived we have to do a better job in cleaning up our act and moving forward in a very positive manner.

Senator DASCHLE. Do you agree that that is the way it is perceived?

Mr. FOLTZ. It apparently is. I have to admit I am not an expert in that regard in terms of all of the contacts with our foreign buyers. When I was with USDA previously and was with the Foreign Agricultural Service, I had a fair amount of experience overseas through our attachés, did some travel on behalf of our cooperator groups, market development and export promotion. Of course, this predates the origin of FGIS. It was during that time that we were getting some of this feedback. And it was during that time that the Senate took initiative, introducing the legislation which created FGIS. So I was there when some of these discussions were going on. I have not had that much contact overseas since then, but I can read the papers, and am aware of the concern that is expressed and certainly the perception.

I am not sure how close perception is to reality in this case. But sometimes perception becomes reality if that is what people think, and we have to be able to address that. It is commendable that you have such great personal interest and certainly the Senate Agricul-

ture Committee as well, showing this kind of interest. Together, hopefully, we can make progress.

Senator DASCHLE. Well, we have lost 40 percent of our Japanese soybean market, and witnesses who have come before us have told us that the reason we have lost it is the quality issue. Would you agree or disagree with that statement?

Mr. FOLTZ. I would not entirely disagree with it, nor would I entirely agree, Senator. In the case of Japan I am not up on the specifics. But as I understand it, that has been a gradual thing. It is not an overnight thing, and it may be, in part, we are our own enemy there. It encompasses reliability of our supply situation, not just quality, and it goes back to an embargo on soybeans to Japan in the early 1970's, resulting in a tremendous increase in production in South America.

Senator DASCHLE. But see we saw an increase in the export of product to Japan in the early 1980's, and then it has plummeted now as we have finished out the 1980's, and the issue that comes up again and again, as we bring witnesses before the Subcommittee on Agricultural Research and General Legislation, is that it is quality. They can get better quality at a better price from other sources, and I think that really is the issue, as I see it.

Mr. FOLTZ. Yes, sir. It is a combination of quality and price. You are right. We helped position Brazil to be a tremendous competitor of ours when we sent that signal to Japan that they could not rely on us for all their supply. Once they increased their production, as they have, that has made them more difficult competition. I am not sure their quality of soybeans is any better than ours. Certainly Ohio, Indiana and Michigan are known for the variety of soybeans produced that the Japanese market likes, for making its soy protein products.

Senator DASCHLE. Well, we have the capacity, of course, to produce the finest quality.

Mr. FOLTZ. Sure.

Senator DASCHLE. The problem is that the grain companies blend it down, and we are using subgrade and marginal grade quality to blend with the top grade, our No. 1 grade. And we are blending into an average grade that cannot compete effectively in the market internationally with other countries. And that is really the issue here. We have some opportunity in this year's farm bill to address quality, though not necessarily to mandate higher standards. We know we cannot mandate things like that, but certainly to give encouragement to companies, producers, to shippers, to everyone to be involved in a process that makes us more competitive.

My view is, and I would be interested in whether you see any analogous relationship here, that the same reasons given by the major grain companies about quality today—why we cannot reach the tolerance levels and the quality standards in the international market—were given by the auto companies in the 1970's, were given by the computer companies in the 1960's and 1970's. Each and every time the United States comes up and says we just cannot do it, we lose market share, and ultimately in the case of automobiles and computers, we have virtually lost the industry. I do not want to see that happen to the grain industry. I know you are a far more experienced and devoted advocate of the grain industry than

am I. So, I hope that you share the same kind of approach and the same interest in making sure that we remain competitive.

Mr. FOLTZ. We want to remain competitive. We do not want to lose market share. We want to regain some of the market share we have lost. We share your interest in that area, and your point of providing some incentives and encouragement, a premium, if you will. If we have a market system, and we do depend on the market system to put buyer and seller together and make these things happen, there ought to be a way that we can crank incentive into that process. I do not accept the fact that we cannot deliver the product that our buyers want.

Senator DASCHLE. Have you looked at our grain quality bill? The bill we introduced as S. 1977?

Mr. FOLTZ. Yes, sir.

Senator DASCHLE. Can you support it?

Mr. FOLTZ. Well, Mrs. Smith already testified on behalf of the administration on that legislation early in February. My position would be the same as the administration. I would be interested to see the continuing refinement that has taken place, and I think that is an effective part of this whole legislative process, as you deal with folks in the private sector and us in the administration to try to come up with something that is workable. As I understand it, I think we are getting to the point where the mechanics of the legislation are something that we could administer. But we will defer to the Congress to pass the laws and we will try to carry them out.

Senator DASCHLE. Well, I will look forward to working very closely with you.

Mr. FOLTZ. And I with you and your staff, yes, sir.

Senator DASCHLE. I think you have a wealth of experience. We need experience in this business. I think it is important that we bring as talented and qualified people as we possibly can into the issue of administering a very demanding agency in a time of transition, a time of great pressure, and so I admire your interest in taking on this new role.

Mr. FOLTZ. We see it as a challenge. I would like to second what you said. I hope we can keep these lines of communication open and work together with you and your staff and others because we are all in this thing together. This should not be industry versus producer. It should not be United States versus foreign customers. It should not be a combative situation. We have to work together to find the best solutions. If this country cannot come up with it, I do not know who can. I think we can.

Senator DASCHLE. This industry, as in so many cases, is, of course, dominated by some very powerful interests—producers, shippers, international interests. The public interest sometimes is not quite as powerful because it is not quite as organized; it is much more broad-based. Do you have a viewpoint on that? Would you have any trouble, for example, if you felt that public responsibility called for departing in policy from a position that may be held by any one of these particular private interests? Could you see yourself doing something like that?

Mr. FOLTZ. Yes, sir. This role is primarily a regulatory position. We are carrying out the law. The Federal Government is to repre-

sent the people. We feel this Department is the people's department. We are grassroots if any agency of government is. Our role is there to serve agriculture in its broadest sense—producers and growers primarily. So, I would have no compunction at all in carrying out what we felt was the law as we see it, in the best interests of this country, in behalf of agriculture and our producers.

Senator DASCHLE. Well, very well. I have probably kept you long enough at this point. I think I will hold the record open for other members who may have additional questions, and so you may get some additional questions in writing, Mr. Foltz.

I understand that Mrs. Foltz is here, too. We want to welcome her to the committee. I was not previously aware of that or I would have recognized her earlier. But we wish you both well, and I frankly do not see a good deal of difficulty in this nomination. We are looking forward to working very closely with you, and it is going to be critical that we work together. I am sure that will be our experience.

Mr. FOLTZ. Good. I hope so.

Senator DASCHLE. Good luck, and I am sure that the committee vote will be taken in the near future.

The hearing is adjourned.

[Whereupon, at 12:45 p.m., the committee adjourned, subject to the call of the Chair.]

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